Aikya Global Emerging Markets Fund – UCITS

Supplement to the Prospectus dated 22 May 2024 for Pinnacle ICAV

An umbrella fund with segregated liability between sub-funds

This Supplement contains specific information in relation to Aikya Global Emerging Markets Fund – UCITS (the **Fund**), an open-ended sub-fund of Pinnacle ICAV (the **ICAV**) an Irish collective asset-management vehicle umbrella fund with segregated liability between sub-funds which is registered in Ireland by the Central Bank of Ireland and authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

This Supplement forms part of and should be read in conjunction with the Prospectus dated 22 May 2024.

The Directors of the ICAV, whose names appear in the **Directors of the ICAV** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

As distributions may be made out of the capital of the Fund, there is a greater risk that capital will be eroded and 'income' will be achieved by foregoing the potential for future capital growth of your investment and the value of future returns may also be diminished. This cycle may continue until all capital is depleted. Distributions out of the capital of the Fund should be understood as a type of capital reimbursement. Please note that distributions out of capital may have different tax implications to distributions of income and you are recommended to seek advice in this regard.

Given the nature of the Fund and extent of investment in emerging markets, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Date: 22 May 2024

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1. INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The Fund aims to achieve long-term capital growth by investing in high quality companies. These companies should make a positive contribution to sustainable development within the countries in which they operate.

Investment Policies

The Fund will aim to invest at least 70% of its Net Asset Value in a diversified portfolio of equity or equity-related securities issued by high quality companies listed or traded in Emerging Markets, or high quality companies whose equity/equity-related securities are listed or traded on other markets, but whose business is predominantly conducted in Emerging Markets. Emerging Markets are defined as countries not classified as Developed Markets by MSCI. Diversification will be achieved through investments across multiple countries and sectors; there is no geographical or sector focus other than seeking exposure to Emerging Markets as noted above.

The Investment Manager is a fundamental, bottom-up investor conducting analysis at the level of individual companies whose equity securities are being considered for inclusion in the Fund.

Investment Selection Process

High quality companies are those that meet the Investment Manager's minimum required standards in the areas of i) quality of stewardship, ii) quality of franchise, and iii) quality of financials as further described below. In identifying high quality companies the Investment Manager focuses primarily on the quality of stewardship which involves analysing issues such as a company's sense of purpose, the alignment between strategy and stated purpose, corporate governance, environmental and social stewardship, organisational culture, conservatism and discipline (capital allocation).The Investment Manager's minimum required standards are determined through analysis and understanding of best practices across industries and regions and is supported by its experience analysing Emerging Market companies.

The assessment of quality means establishing best practices across different industries and geographies. The Investment Manager believes that superior long-term returns (5 years minimum) are achieved by investing with stewards (ie companies who are controlled and/or managed by individuals who have passed the Investment Manager's assessment of stewardship quality as outlined below) who align their businesses with the interests of all stakeholders, because such people typically think about capital preservation as much as capital growth. Environmental, Social and Governance (ESG) considerations are integral to every investment decision, and the Investment Manager firmly believes that the companies which effectively address ESG risks should offer superior long-term returns.

The Investment Manager conducts detailed stewardship, franchise, and financial analysis, which incorporates certain minimum requirements. These minimum requirements are tested when it comes to new idea generation, and also on an ongoing basis with maintenance research.

Stewardship

When assessing stewardship, the Investment Manager conducts detailed industry-specific analysis which combines both subjective and objective factors. The key questions posed and minimum requirements are as follows:

i. Is there a strong sense of purpose driving the company? It must objectively align with at least one United Nation Sustainable Development Goal while there is an exception where a company is moving in the right direction and serving development issues.
ii. How strong is corporate governance? It must be privately owned, have no political association and have no history of corruption.
iii. How strong is environmental stewardship? Carbon and water intensity of operations should be improving.

How strong is social stewardship? There should be no more than 2 breaches of social stewardship, i.e. poor behaviour towards local community, over 3 years.

iv. Is the organisational culture fit for purpose? the Investment Manager would like to see a high level of diversity, a culture of healthy debate and mutual respect, and a leadership team that really cares about its employees.
v. Does the company have a history of conservative capital allocation? It should not have written off more than 20% of the goodwill on the balance sheet over the previous 5 years.

Franchise

In addition to assessing stewardship, the Investment Manager also has certain minimum requirements when it comes to franchise analysis. The key questions posed and minimum requirements are as follows:

i. Is there long-term sustainable growth? The Total addressable market (or "TAM") should be 5x the current revenue of the company.
ii. Does the company have a durable competitive advantage? There should be no loss of market share in the core business for ten years.
iii. Are returns healthy and resilient? There should be stable Gross Profit Margin (or "GPM"), as well as stable Returns on Equity (or "ROE").
iv. Is disruption risk high or low? No single customer should be more than 20% of sales. The products should also not be fashionable.

Financial

On financial analysis, the key questions posed and minimum requirements are as follows:

i. Is the balance sheet conservative? Net Debt/EBITDA should be less than 2x with banks and financial institutions an exception as they are naturally more leveraged.
ii. Does the company display strong cash conversion? There should be operating cash flow to earnings of at least 50%.
iii. Are the accounts transparent? A reputable auditor must be used.
iv. Is there currency mismatch? Cash flows and debt should be in the same currency.

As a result of these minimum required standards, the Fund ends up ruling out more of the universe on either sustainability, franchise, or financial standards. The Investment Manager believes their quality thresholds to be very high.

The Investment Manager maintains an investable or quality list (the **Quality List**). This Quality List is comprised of companies which, having been assessed by the Investment Manager (as per the quality assessment process described above), are considered suitable investments for the Fund. From this, the Investment Manager constructs the portfolio usually consisting of 30-35 sensibly priced companies.

The Investment Manager takes a long-term holistic approach to security valuation, with an absolute return focus. A broad range of valuation metrics are used based on cash flows, book value, replacement cost and total addressable market

Description of the Index

The Fund's performance is compared with the return achieved by the MSCI Emerging Markets Index (the **Index**).

This Index has been identified as an appropriate performance benchmark for investors as its constituents most closely represent the Fund's investable universe and is the most widely accepted Emerging Markets index in the investment community. The Fund is actively managed and the Investment Manager is not constrained in any way by the composition of the chosen Index when selecting securities for investment. The Index is not used as an input in the investment process.

The Index is maintained by Morgan Stanley Capital International and is a free float-adjusted market capitalisation weighted index reflecting the performance of large and mid-capitalisation companies in global emerging markets. According to the MSCI index methodology, the Index targets an 85% free float-adjusted market representation level within each industry group in global emerging markets. On 5 March 2018, MSCI Limited was granted authorisation by the FCA as a UK benchmark administrator under the EU Benchmark

Regulation for all of its MSCI equity indexes. MSCI Limited is listed on the FCA's register and on the ESMA register for benchmark administrators. Further information on the Index may be found at https://www.msci.com/.

Sustainability Considerations

The Investment Manager believes that investment and sustainability considerations are inextricably interlinked, because investing in Emerging Markets requires understanding a complex array of sustainable development challenges.

Topics such as population pressure, land and water scarcity, general environment degradation, income inequality combined with extreme poverty, and humans rights abuse driven by gender and ethnic origins might sound like abstract concepts, but they have a very real impact on investment returns. Sustainable development challenges such as these create certain long-term investment risks and opportunities that are not typically appreciated by the broader investment community.

In order to assess these sustainability challenges the Investment Manager has integrated ESG considerations into every step of the investment process. The countries in which the Fund invests face sustainable development challenges which are both numerous and complex. Population pressure, land and water scarcity, general environment degradation, income inequality combined with extreme poverty, and humans rights abuse driven by gender and ethnic origins. For each company the Investment Manager analyses, regardless of the industry, they assess certain specific ESG considerations. Such ESG considerations include Environmental considerations such as carbon emissions, electricity consumption, usage of renewables, as well as water consumption and air pollution, Social considerations, such as the interaction between companies and their workers, local communities, and government and Governance considerations such as employee attrition, diversity, board independence, as well as accident rates.

In addition, different industries face unique ESG related challenges and opportunities and so the Investment Manager has developed and maintains industry-specific stewardship models. Below are two examples of industry specific ESG considerations:

1) Financial inclusion is considered to be an important social issue by the Investment Manager, with many developing countries still in the very early stages of development in terms of the populations access to fair and quality banking services. When analysing financial companies in these markets, the Investment Manager carefully assess what businesses are doing to contribute to positive change; for example, they measure what percentage of a banks open accounts are with first-time account holders, and the percentage of total lending used to encourage small businesses or community development.

2) For consumer goods companies, waste is a significant environmental challenge, both in terms of manufacturing and packaging waste. In this area some metrics which the Investment Manager considers are the use of recycled and recyclable materials and the overall waste impact per consumer.

The Investment Manager's approach to sustainability is very holistic. The Investment Manager first seeks to understand the true 'purpose' of a business. If the business is aligned with one of the UN Sustainable Development Goals (UN SDG), they then assess how that business achieves its purpose in the most resource-efficient way, with low carbon intensity, and with best-in-class governance, and utilizes proprietary industry-specific models to track progress and compare companies. This is an entirely bottom-up process which leverages the Investment Manager's long-held relationships and experience in Emerging Market countries, and is consistent with the rest of their investment approach. Companies who do not satisfy these requirements are considered to have poor ESG credentials and do not make it through the Investment Manager's due-diligence process and onto the Quality List.

The companies that make it onto the Quality List are subjected to detailed industry specific analysis, which assesses whether or not the business has best-in-class sustainability credentials. This is made possible through the Investment Manager's proprietary industry-specific sustainability frameworks, which compare various companies within an industry and across the value chain. Through industry-specific stewardship models as described above, the Investment Manager assesses and compares companies' focus and progress on the sustainability-related issues that most affect their specific industry and supply chains. These stewardship models in combination with detailed engagement agendas for each investee company, allows for the tracking of progress in each company's contribution to sustainable development. In addition, the Investment Manager has set specific portfolio-level long-term sustainability impact goals which are outlined in detail under the heading **"Disclosures under SFDR"**. To meet these targets the direction-of-travel for the underlying individual investments will need to be positive.

Once a company is admitted to the Quality List, its progress in terms of ESG is reassessed annually, as part of the ongoing maintenance research process. This process provides the Investment Manager with a transparent and objective guide to whether companies are taking their ESG responsibilities seriously and builds a platform from which the Investment Manager can engage with company management teams.

From time-to-time the ongoing research process may highlight changes in the ESG credentials for a particular company that may create sustainability risks, which have the potential to cause material negative impact on the value of the investment (Sustainability Risk). In the event that a Sustainability Risk arises, the Investment Manager may determine that a particular investment is no longer suitable and divest or remove it from the Quality List.

The extent to which sustainability issues represent potential or actual material risks to the Fund is considered by the Investment Manager as part of ongoing investment decision making and risk monitoring. Along with other material risks, the Investment Manager will consider Sustainability Risks to seek to maximize long-term risk-adjusted returns for the Fund.

Assessing Sustainability Risks is complex and requires subjective judgements, which may be based on data that is either difficult to obtain, incomplete, estimated, out of date, or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager will correctly assess the impact of Sustainability Risks on the Fund's investments or proposed investments.

If a Sustainability Risk comes to the fore then there could be numerous potential consequences, which naturally vary depending on the specific risk, region, and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there could be a negative impact on, or the entire loss of, its value.

Whilst it is difficult to assess the impact of Sustainability Risks as a whole on the Fund, the Investment Manager would expect the impact of Sustainability Risks to be low to moderate. Not only is the Fund diverse in nature but the Investment Manager is focused on stewardship, which results in a significant portion of the potential investment universe being deemed un-investable because of ESG related risks.

Sustainability Risks can exist in isolation, but it can also materially contribute to other risks relating to markets, operations, liquidity, or counterparties.

Investment Universe

The Fund will invest primarily in large and mid-capitalisation (being investments with a minimum of US$1 billion market capitalisation and a minimum free float of US$500 million) equity securities or equity-related securities in emerging economies, including securities listed on other exchanges whose activities are predominantly based in emerging market countries.

As well as investing in shares, the Fund may invest in equity-related securities such as participation notes (which will not embed leverage), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and European Depository Receipts (EDRs) which are certificates issued by a depository bank or investment bank (usually by a branch or in the country of issue of the shares), representing shares held by the bank and which trade independently from the shares, as an alternative to directly purchasing the underlying securities in jurisdictions where it would not be possible or practical for the Fund to hold the underlying securities directly and to gain exposure to such underlying securities without directly investing in those securities.

The Fund may have exposure to China-A Shares for up to 50% of Net Asset Value. This exposure may be achieved by investing in China-A shares by the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect. In addition, the Fund may obtain indirect exposure to China-A Shares by investment in equity linked or participation notes or by way of investment in other collective investment schemes (as further outlined below).

To the extent that the Fund will invest in Russian securities, investment up to 5% of Net Asset Value may be made and will only be in securities that are listed on the Moscow Exchange MICEX-RTS. Exposure to Russian securities may also be obtained through ADRs, GDRs and EDRs listed on other recognised exchanges outside Russia and such investments will count towards the 5% limit referred to above.

The Fund may have up to 30% of its Net Asset Value in cash and cash-like instruments, but in normal circumstances the cash position in the Fund will not exceed 5% (please refer to the section below headed Cash Management) and in equity securities of issuers listed in developed markets and whose businesses are not predominantly based in emerging markets. Such investment in developed market issuers would be (i) where such issuers have some emerging markets exposure; (ii) where such investment is made pending the making of an emerging market investment or (iii) during times of particular emerging market volatility. The Investment Manager will follow the process set out in the section headed "Investment Selection Process" above, where selecting developed market securities for investment by the Fund. The Fund will have no particular industry or sector focus.

With the exception of permitted investment in unlisted securities, the Fund will invest in securities listed or traded on the stock exchanges listed in Appendix 1 of the Prospectus for the ICAV.

Hedging Strategy

The Fund does not intend to hedge non-Base Currency portfolio level exposure back to the Base Currency of the Fund. Accordingly, performance of the Fund may be strongly influenced by movements in FX rates because currency positions held by the Fund may not correspond with the securities positions held.

Collective Investment Schemes (CIS)

The Fund may invest in other CIS as a cost-effective way of achieving emerging markets equity exposure. Any investment in CIS will be UCITS and in AIFs in accordance with the Central Bank UCITS Regulations and is limited to 10% of the Net Asset Value of the Fund in aggregate.

Cash Management

The Fund may hold liquid assets such as cash, bank deposits, money market funds having a minimum credit rating from a recognised rating agency of at least A1 – P1 and money market instruments such as short-term fixed income instruments including treasury bills issued or guaranteed by any government which are rated and may offer fixed or variable interest rates. The situations in which cash may be held and not invested may include: (i) where the Investment Manager considers that there are not sufficient suitable investment opportunities; (ii) to protect the value of the Fund and maintain liquidity at times in falling or volatile markets; (iii) to facilitate the Fund's ability to meet redemption requests; and (iv) where the Fund has received subscriptions or the proceeds of disposals that are awaiting investment.

Use of Financial Derivative Instruments (FDIs)

The Fund may employ exchange traded or over-the-counter FDI, as more specifically described under Section 3 (Financial Derivative Instruments) for the reasons detailed in that section and in accordance with the requirements of the Central Bank.

Securities Financing Transactions

The Fund may not enter into Securities Financing Transactions.

Disclosures in accordance with SFDR

In accordance with Article 9(2) of the SFDR, the Fund has sustainable investment as its objective as set out in the Investment Objective section of this Supplement and no index has been designated as a reference benchmark.

The Investment Manager does not treat sustainability considerations any different to investment considerations, but rather views them as one and the same thing. The Investment Manager's approach is long-term and stock selection is not influenced or constrained by a benchmark.

To objectively judge the Fund's progress in terms of Sustainability, the Investment Manager has embedded several sustainability impact assessments, with accompanying portfolio-level targets, into its investment selection process. The sustainability impact of the Fund is measured through annual measurement of the Fund's progress against its six sustainability development goals which are:

1. The Fund should only be invested in companies which make a significant contribution to at least one UN Sustainable Development Goal (SDG) by 2030.
2. Carbon Intensity (ie Green Gases (Scope 1 and 2) emissions to sales) for the entire portfolio should halve by 2030 (with 2019 as baseline year). The Fund's portfolio should achieve net zero carbon emissions by 2040.
3. Environmental Resource Intensity for the entire portfolio should halve by 2030 (with 2019 as baseline year) Environmental Resource Intensity is an Investment Manager defined metric which is customised for each industry. It refers to the virgin natural resources such as water, non-renewable energy and material a business uses and the waste it generates for every unit of sales.
4. Ensure by 2030, that none of the portfolio companies display more than one incident of poor social stewardship over preceding three years.
5. The portfolio companies should either have a dominant shareholder whom the Investment Manager trusts or a truly independent board by 2025.
6. The portfolio companies should have a healthy gender balance in their organisation by 2040.

In order to carry out such impact assessments the Investment Manager engages with portfolio companies through active engagement agendas and proxy voting, and where necessary divestment. Information on these activities are to be reported publicly through the annual Aikya Sustainability Impact Report which can be accessed on the Aikya website at https://aikya.co.uk/wp-content/uploads/2021/02/2020-Aikya-Sustainability-Impact-Report.pdf .

The Investment Manager maintains a detailed sustainability/stewardship model for each company in the Fund's portfolio which is updated at least once a year based on the information published by the company. These models then get aggregated at the portfolio level, through which the Investment Manager then reports the Fund’s progress on these sustainability impact goals.

The Technical Screening Criteria (TSC) are either not yet in force (i.e. in respect of the first two Taxonomy environmental objectives of climate change mitigation and climate change adaptation) or have not yet been developed (i.e. for the other four Taxonomy environmental objectives) and these detailed criteria will require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient reliable, timely and verifiable data available for the Investment Manager to be able to assess investments using the TSC. While there are investments in the Sub-Fund that are in economic activities that contribute to an environmental objective and may be eligible to be assessed against the TSC, the Investment Manager is not currently in a position to describe:

a) the extent to which the investments of the Sub-Fund are in economic activities that qualify as environmentally sustainable and are aligned with Regulation EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending SFDR (the **Taxonomy Regulation**);

b) the proportion, as a percentage of the Sub-Fund's portfolios, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation; or

c) the proportion, as a percentage of the Sub-Fund's portfolios, of enabling and transitional activities (as described in the Taxonomy Regulation).

The Investment Manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the Sub-Fund's investments become available, the Investment Manager will provide the descriptions referred to above, in which case this Supplement will be updated.

2. RISK MANAGEMENT PROCESS

The ICAV on behalf of the Fund employs a risk management process which helps it to accurately measure, monitor and manage the various risks associated with its investment in FDI (as detailed further below).

The Fund will use the commitment approach to measure global exposure.

While the Fund may use FDIs, such FDIs will only be used for EPM. The Fund does not intend to use derivatives to provide a leverage exposure to underlying assets and the global exposure of the Fund through the use of derivatives is limited to 50% of the Net Asset Value of the Fund.

The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The Fund will only utilise FDI which have been included in the risk management process report that has been prepared and submitted to the Central Bank in accordance with the Central Bank requirements.

3. FINANCIAL DERIVATIVE INSTRUMENTS

The Fund will utilise the FDI for EPM only.

The types of FDI which may be used by the Fund are set out below:

- **Forward Foreign Exchange Contracts**

A forward foreign exchange contract locks-in the price at which a currency may be purchased or sold on a future date. In forward foreign exchange contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date.

- **Participation Notes**

The Fund may invest in participation notes which are issued by banks or broker-dealers and are designed to replicate the performance of certain issuers and markets and may be used to gain access to markets where it may be difficult to invest in the underlying asset directly, such as India and China. Participation notes are subject to counterparty risk, which is the risk that the broker-dealer or bank that issues them will not fulfil its contractual obligation to complete the transaction with the Fund.

4. PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for investors with an investment horizon of at least three years who are willing to accept shorter-term fluctuations in price typically associated with the investments in emerging markets.

Investors should have an understanding of investments in the securities listed above and note that there is a high risk of short-term capital loss compared to other investment types but with the potential to deliver higher investment returns over the minimum suggested timeframe. Investors should be aware that emerging market securities may be subject to higher volatility and lower liquidity than non-emerging market securities.

Please refer to the risk factors on emerging markets below.

5. INVESTMENT RESTRICTIONS

The general investment restrictions as set out in the section of the Prospectus entitled **Investment Restrictions** shall apply.

In addition, the Fund shall not invest more than 10% in aggregate of its Net Asset Value in shares or units of other open-ended CIS.

6. BORROWING

The Fund may borrow up to 10% of its total Net Asset Value on a temporary basis as further described in the section **Borrowing, Leverage, Lending Powers** and **Restrictions** in the Prospectus.

7. RISK FACTORS

The general risk factors set out under the heading **Risk Factors** in the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund:

7.1. Risks linked with dealing in securities in China via Stock Connect

The Fund may seek exposure to stocks issued by companies listed on China stock exchanges via Stock Connect. Stock Connect is a trading programme that links the stock markets in Shanghai and Hong Kong and may be subject to additional risk factors. Investors in Hong Kong and mainland China can trade and settle shares listed on the other market via the exchange and clearing house in their home market. Stock Connect is subject to quota limitations, which may restrict the Fund's ability to deal via Stock Connect on a timely basis. This may impact the Fund's ability to implement its investment strategy effectively. Initially, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index and the SSE 380 Index and all China A Shares dual-listed on the SSE and SEHK. Investors should note that a security may be recalled from the scope of Stock Connect. This may adversely affect the Fund's ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect.

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions and disclosure obligations are also applicable to China A Shares.

The Investment Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares.

Under the current mainland China rules, once an investor holds up to 5% of the shares of a company listed on the SSE, the investor is required to disclose its interest within three working days and during which it cannot trade the shares of that company. The investor is also required to disclose any change in its shareholding and comply with related trading restrictions in accordance with the mainland China rules.

7.1.1. *Shanghai-Hong Kong Stock Connect*

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Fund) are able to trade certain stocks listed on the Shanghai Stock Exchange (SSE) market (i.e. **SSE Securities**). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the Stock Exchange of Hong Kong Limited, except the following:

(1) SSE-listed shares which are not traded in RMB; and

(2) SSE-listed shares which are included in the “risk alert board”.

It is expected that the list of eligible securities will be subject to review.

7.1.2. *Shenzhen-Hong Kong Stock Connect*

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Fund) are able to trade certain eligible shares listed on the Shenzhen Stock Exchange (SZSE) market (i.e. **SZSE Securities**). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than

RMB 6 billion, and all the SZSE-listed China A shares which have corresponding China H Shares listed on SEHK, except the following:

(1) SZSE-listed shares which are not traded in RMB; and

(2) SZSE-listed shares which are included in the “risk alert board” or under delisting arrangement.

At the initial stage of the Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board under Northbound trading will be limited to institutional professional investors (which the Fund will qualify as such) as defined in the relevant Hong Kong rules and regulations. It is expected that the list of eligible securities will be subject to review.

7.2. Foreign Investment Risk

Investments in foreign companies may decline in value because of sovereign, political, economic or market instability; the absence of accurate information about the companies; risks of unfavourable government actions such as expropriation and nationalisation. Some countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency and certain financial markets may be less liquid. In general, securities issued by companies in more developed markets, such as the U.S. and Western Europe, have lower foreign market risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, tend to have a higher foreign market risk.

Some foreign exchanges are "principals' markets" in which performance with respect to a contract is the responsibility only of the individual member with whom the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such foreign exchanges, the Fund will be subject to the risk of the inability of, or refusal by, the counterparty, to perform with respect to such contracts. The Fund also may not have the same access to certain trades as do various other participants in foreign markets. Due to the absence of a clearinghouse system on certain foreign markets, such markets are significantly more susceptible to disruptions.

These risks may be higher when investing in emerging markets as set out further below under "Emerging Markets Risks".

7.3. Currency Risk

Investing in assets denominated in a currency other than the Fund's Base Currency may cause losses resulting from exchange rate fluctuations. Foreign governments may impose currency exchange restrictions, which could limit the Fund's ability to buy and sell certain foreign investments and could reduce the value of the foreign securities the Fund holds.

7.4. Hedging

The value of certain of the Fund's investments may be expressed in a currency other than the currency of the Shares, creating a risk that movements in the exchange rate between the two currencies may adversely affect the value of the Fund's investments. The Fund will not hedge this risk and accordingly the Fund will be exposed to the impact in the movements of non-base currencies as against the Base Currency.

7.5. Emerging Markets Risks

The Fund's investment policy allows the Fund to invest in (or have indirect exposure to) emerging market countries and investors should be aware of risks attached to investing in such markets which could have a limited impact on the performance of the Fund.

(a) Political Risks

The performance of the Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. The Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

(b) **Settlement, Credit and Counterparty Risks**

Settlement risk occurs when a transaction is not completed as duly agreed between the parties. This may be due to an error or omission in the necessary settlement, clearing or registration processes or due to the lack of creditworthiness of one of the parties to the transaction.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of the Fund may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment shall be made prior to receipt of the security which is being purchased, or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank through whom the relevant transaction is effected might result in a loss being suffered by the Fund investing in or exposed to the performance of emerging market securities.

Counterparty risk occurs when a party to a contract fails to honour and defaults on its obligations thereunder. Funds which are party to these risks can incur considerable losses. The Investment Manager aims to keep this risk to a minimum by regularly monitoring the counterparties. The Fund will seek, where possible, to use counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Fund will be successful in eliminating this risk for the Fund, particularly as counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

(c) **Liquidity Risk**

Certain securities may be difficult or impossible to sell at the time and the price that the seller would like. The seller may have to lower the price to effect a secondary market sale, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on fund management or performance.

(d) **Currency Risk**

The Net Asset Value per Share will be computed in the Base Currency of the Fund, whereas the Fund's investments may be acquired in a wide range of currencies, some of which may be affected by currency movements of a more volatile nature than those of developed countries and some of which may not be freely convertible. The Investment Manager will not hedge against the consequent currency risk exposure.

(e) **Regulatory Risks and Accounting Standards**

Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on the issuers than is published by or about issuers in such developed countries. Consequently, some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of shareholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from the management of a company and there may be less independent verification of information than would apply in many developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.

(f) **Custody Risks**

Local custody services may be underdeveloped in the emerging market countries in which the Fund may invest and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances the Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in "book-entry" form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of the Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

(g) **Increased Risk of Fluctuation in Value**

The value of the Fund may fluctuate more than those that invest predominantly in developed markets.

(h) **Further Risks associated with Investments in Russia**

In addition to the emerging markets risks highlighted above, specific additional risk factors are associated with Russian investment, in particular corporate governance and investor protection issues. The laws and regulations in Russia involving securities, corporations, taxation, foreign investment and trade, title to property and securities and transfer of title, all of which may be relevant to the investment policies of the Fund, are relatively new and untested, contain apparent conflicts and are subject to change, occasionally with retroactive effect. The law regarding fiduciary duties of directors and officers and the protection of investors, including foreign shareholders, is in the early stages of development. Entities in Russia may not be accustomed to following corporate governance procedures or may not respect the interests of minority shareholders. Therefore, shareholders may not be adequately protected under local laws.

7.6. Sustainability Risks

Environmental Risks

Carbon Emissions Risk

Many economic sectors, regions and/or jurisdictions, including those in which the Fund may invest, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

As the market appreciates tightening regulation and accounts for higher carbon prices, repricing of carbon-intensive sectors occurs, reducing the value of those securities. As carbon pricing continues to be a mechanism through which various policymakers seek to mitigate climate change, companies may be impacted in different ways based on their sectors and region of operations.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise are not environmentally sustainable may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost. Attempts by sectors, regions, businesses and technologies to adapt so as to improve sustainability may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced.

Climate Change Risk

The Fund may have exposure to potential physical risks resulting from climate change. For example, the tail risk of significant damage due to increasing erratic and potentially catastrophic weather events such as droughts, wildfires, flooding and heavy precipitations, heat/coldwaves, landslides or storms. As the frequency of extreme weather events increases, the Fund’s assets exposure to these events increases too.

Alongside these acute physical risks, the Fund may be exposed to the chronic physical risks stemming from climate change, including amongst others, coastal flooding, coastal erosion, soil degradation and erosion, water stress, changing temperatures or changing wind or precipitation patterns.

Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region.

Natural Resource Depletion Risk

The relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and/or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which the Fund may invest. Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which the Fund may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism. Land use and land use management practices have a major impact on natural resources.

Pollution and Waste Risk

Pollution adversely affects the environment and may for example, result in negative impact on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to reduce pollution and control and reduce waste may adversely impact the operations, revenue and expenses of industries in which the Fund may invest.

<u>Social Risks</u>

Human Capital Risk

Human capital offences, were they to occur, would rise to negative consumer sentiment, fines and other regulatory sanctions and investigations and litigation in respect of entities in which the Fund may be invested. These could include human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery, forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour. The profitability of a business which is reliant on adverse treatment of human capital may appear materially higher than if appropriate practices were followed and it may not apparent to investors such as the Fund that such adverse treatment is occurring at the time.

External Social Risk

Were they to occur, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation in respect of entities in which the Fund is invested.

Megatrends

Trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including health and longevity and urbanisation are all examples of social trends that can have a material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends may result in a material negative impact on the Fund’s investments.

Governance Risks

Board Diversity and Structure Risk

The absence of a diverse (in terms of age, gender, educational and professional background) and relevant skillset within a board or governing body may result in less well informed decisions being made without appropriate debate and an increased risk of "group think". Further, the absence of independence among board members, particularly where roles are combined, may lead to a concentration of powers and hamper the board's ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration and otherwise set the board's agenda.

Inadequate External or Internal Audit Risk

Ineffective or otherwise inadequate internal and external audit functions may increase the likelihood that fraud and other issues within a company are not detected and/or that material information used as part of a company's valuation and/or the Investment Manager's investment decision making is inaccurate.

Fair Tax Strategy Risk

The tax strategy employed by a company may impact on the returns and performance of that company. Where an aggressive tax strategy is pursued by a company this may increase the tax risks associated with that company.

Shareholders Rights Risk

The extent to which rights of shareholders, and in particular minority shareholders (which may include the Fund) are appropriately respected within a company's formal decision making process may have an impact on the extent to which a company is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of an investment in it.

Bribery and Corruption Risk

The effectiveness of a company's controls to detect and prevent bribery and corruption both within a company and its governing body and also its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives. Lack of scrutiny of executive pay: failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long-term interest of a company.

IT Safeguards Risk

The effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security will affect a company's susceptibility to inadvertent data breaches and its resilience to "hacking".

Employee Safeguards Risk

The absence of appropriate and effective safeguards for employment related risks such as discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistle-blowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to a company, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.

8. INVESTMENT MANAGER

The Manager has appointed Aikya Investment Management Limited as investment manager for the Fund (the Investment Manager) with a discretionary mandate pursuant to an investment management agreement dated

1 September 2021 as supplemented by a supplemental investment management agreement dated 17 December 2021 between the ICAV, the Manager and the Investment Manager (the Investment Management Agreement) described under the heading Material Contracts below.

The Investment Manager is a UK private company limited by shares with UK Companies House Number 12329682. The Investment Manager is authorised by United Kingdom Financial Conduct Authority to provide regulated services since 1 June 2021. The registered office of the Investment Manager is 3 More London Riverside, London, SE1 2AQ, United Kingdom.

9. MATERIAL CONTRACTS

The Investment Management Agreement provides that the appointment of the Investment Manager as investment manager will continue for an initial term of three years (the Initial Term) and then for successive periods of one year thereafter unless the ICAV, the Manager or the Investment Manager terminate the Investment Management Agreement at the end of the Initial Term or at the end of or during a successive term by the giving of at least 6 months' notice in writing to the other parties, although in certain circumstances the agreement may be terminated forthwith by any parting by provided notice in writing to the other parties. The Investment Management Agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, negligence or wilful default of the Investment Manager in the performance or non-performance of its obligations or of its duties thereunder.

10. KEY INFORMATION FOR PURCHASING AND REPURCHASING

Base Currency of the Fund is USD.

Share Class	**Initial Issue Price**	**Minimum Initial Investment Amount**	**Minimum Additional Investment Amount**
C Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£100,000,000	GBP£10,000,000
C Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€100,000,000	EUR€10,000,000
C1 Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€100,000,000	EUR€10,000,000
C Share Class USD **(Accumulating Shares)**	USD$10	USD$100,000,000	USD$10,000,000
C1 Share Class USD **(Accumulating Shares)**	USD$10	USD$100,000,000	USD$10,000,000
D Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£150,000,000	GBP£15,000,000
I Share Class USD	US$10	US$5,000,000	US$500,000

(Accumulating Shares)			
I1 Share Class USD **(Accumulating Shares)**	US$10	US$5,000,000	US$500,000
I Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€5,000,000	EUR€500,000
I1 Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€5,000,000	EUR€500,000
I Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£5,000,000	GBP£500,000
I Share Class GBP (unhedged) **(Distributing Shares)**	GBP£10	GBP£5,000,000	GBP£500,000
P Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€100,000	EUR€50,000
P Share Class USD **(Accumulating Shares)**	US$10	US$100,000	US$50,000
R Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£1,000	GBP£1,000
R Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€1,000	EUR€1,000
R Share Class USD **(Accumulating Shares)**	US$10	US$1,000	US$1,000
R Share Class HKD (unhedged) **(Accumulating Shares)**	HKD$10	HKD$10,000	HKD$10,000
R Share Class SGD (unhedged) **(Accumulating Shares**	SGD$10	SGD$1,000	SGD$1,000

S Share Class EUR (unhedged) **(Accumulating Shares)**	EUR€10	EUR€15,000,000	EUR€1,500,000
S Share Class USD **(Accumulating Shares)**	US$10	US$15,000,000	US$1,500,000
S Share Class USD **(Distributing Shares)**	US$10	US$15,000,000	US$1,500,000
S Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£10,000,000	GBP£1,000,000
S Share Class GBP (unhedged) **(Distributing Shares)**	GBP£10	GBP£10,000,000	GBP£1,000,000
X Share Class USD **(Accumulating Shares)**	US$10	US$25,000,000	US$2,500,000
X Share Class AUD (unhedged) **(Accumulating Shares)**	AUD$10	AUD$10,000,000	AUD$1,000,000
X Share Class GBP (unhedged) **(Accumulating Shares)**	GBP£10	GBP£5,000,000	GBP£500,000

The Shares in the X Share Class USD and X Share Class AUD are Non-Voting Shares (as defined below) and in accordance with the Central Bank's requirements, the decision to subscribe for Shares in that class shall be made solely by the investor and Shareholders in that class of Shares may at any time request to exchange those Shares, without fee, for Shares in the C Share Class GBP, C Share Class EUR, C1 Share Class EUR, C Share Class USD, C1 Share Class USD, D Share Class GBP, I Share Class USD, I1 Share Class USD, I Share Class EUR, I1 Share Class EUR, I Share Class GBP (Accumulating), I Share Class GBP (Distributing), R Share Class GBP, R Share Class EUR, R Share Class USD, R Share Class HKD, R Share Class SGD, S Share Class EUR, S Share Class USD (Accumulating), S Share Class USD (Distributing) , S Share Class GBP (Accumulating), S Share Class GBP (Distributing), X Share Class GBP, P Share Class EUR (Accumulating) and/or the P Share Class USD, which are Voting Shares (as defined below).

There is no Minimum Initial Investment Amount, Minimum Additional Investment Amount and Minimum Shareholding for any shareholder in any Share Class where the application for any such Shares has been received through an investment platform service.

Business Day means every calendar day except a Saturday or a Sunday on which banks in Ireland and London, United Kingdom are open for normal business or such other day(s) as the Directors may determine and notify to Shareholders in advance.

Dealing Day means every Business Day or such other day as the Directors may determine provided there is at least one per fortnight.

Dealing Deadline means 12:00pm (Irish time) on the relevant Dealing Day or such other time as the Directors may determine provided it is prior to the relevant Valuation Point.

Issue Price means, during the initial offer period for the Share Class in question, the Initial Issue Price for the Class in question, and thereafter, subject as hereinafter provided, the Net Asset Value per Share of the relevant Share Class.

Initial Offer Period means, in respect of P Share Class EUR, P Share Class USD, X Share Class USD, S Share Class GBP (unhedged) (Distributing), S Share Class USD (Distributing), R Share Class GBP (unhedged) (Accumulating), R Share Class EUR (unhedged) (Accumulating), R Share Class USD, R Share Class HKD (unhedged) (Accumulating), R Share Class SGD (unhedged) (Accumulating), C1 Share Class EUR (unhedged) (Accumulating) and I1 Share Class EUR (unhedged) (Accumulating) 9.00am (Irish time) on 14 March 2024 to 5.00pm (Irish time) on 13 September 2024.

The Initial Offer Period of any Share Class may be extended or shortened as the Directors may determine in accordance with the requirements of the Central Bank and notified to the Central Bank. After the Initial Offer Period of each Share Class, such Share Class will be available for subscription at the Net Asset Value per Share.

Non-Voting Shares means a particular class of Shares that do not carry the right to notice of or to attend and vote at general meetings of the ICAV or the Fund (save in respect of resolutions to approve a change to the investment objective of the Fund, a material change to the investment policies of the Fund or an increase in the fee payable to the Investment Manager in respect of the Fund).

Voting Shares means a particular class of Shares that carry the right to vote at general meetings of the ICAV and the Fund.

Settlement Date means, in the case of subscriptions, within three Business Days after the Dealing Day in question or such other time as the Directors may agree provided that the Application Form is received by the Dealing Deadline. In the case of redemptions, provided all documentation required by the Administrator, including that required for anti-money laundering purposes, has been received by the Administrator, proceeds will usually be paid (by wire transfer to a specified account at the Shareholder's risk and expense or by negotiable instrument) within three Business Days or such other time as the Directors may agree after the later of (i) the Dealing Day in question; or (ii) the receipt of the relevant duly signed redemption documentation.

Valuation Point means 10.00pm (Irish time) using close of business prices in the relevant markets on the relevant Dealing Day or such other time as the Directors may determine from time to time in accordance with the requirements of the Central Bank and notified in advance to Shareholders.

Notification of Prices

The Net Asset Value per Share of each Class of Shares in each Fund will be available from the office of the Administrator and on the following website: www.aikya.co.uk and such other place as the Directors may decide from time to time and as notified to Shareholders in advance.

11. FEES AND EXPENSES

Administration Fee

The Administrator shall be entitled to receive an annual fee, accrued on each Dealing Day and calculated and payable monthly in arrears, at an annual rate of up to 0.05% of the Net Asset Value of the Fund (plus VAT thereon, if any) subject to an annual minimum fee of $135,000. The Administrator is also entitled to be repaid all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

Depositary Fee

The Depositary shall be entitled to receive an annual fee, accrued on each Dealing Day and calculated and payable monthly in arrears, at an annual rate of up to 0.02% of the Net Asset Value of the Fund (plus VAT thereon, if any).

The Depositary is also entitled to receive out of the assets of the Fund, a safekeeping fee at a rate, depending on the custody markets, ranging from 0.0125% up to 0.5% on the Net Asset Value of the Fund. These fees accrue and are calculated on each Dealing Day and payable monthly in arrears.

The Depositary shall also be entitled to be reimbursed for the fees paid by the Depositary to any sub-custodian (where not covered above) and agreed upon transactions charges (which in all cases shall be charged at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

Operating and Service Providers' Fees and Expenses

The preliminary expenses incurred in connection with the establishment and initial issue of Shares in the Fund will be borne by the Global Distributor.

The fees and out-of-pocket expenses of the Administrator (in its role as same and as registrar and transfer agent), the Depositary and any sub-custodians, the Global Distributor and any Sub-Distributors, auditors, tax and legal advisors, the company secretary of the ICAV, the fees and expenses of any other service provider, any costs incurred in respect of meetings of Shareholders, marketing and distribution costs and other costs as a result of registering the Fund in other jurisdictions, such as local regulatory fees, the Facilities Agent, Paying Agent fees and any other service providers appointed for such jurisdictions, the regulatory levy of the Fund and regulatory compliance costs, listing fees, all printing, publication, translation and communication costs (including reports, accounts and any explanatory memoranda), any costs incurred as a result of periodic updates of the Prospectus and/or this Supplement or the KIIDs of the Fund, or of a change in law or the introduction of any new law, the Directors' fees, expenses and payroll costs, directors' and officers' liability insurance cover and other insurance-related costs and any taxes related to the above fees and out-of-pocket expenses as applicable (**Covered Costs**) shall be payable out of the assets of the Fund up to an amount equal to 0.20% of the Net Asset Value of the Fund calculated on each Dealing Day.

Any Covered Costs in excess of this shall be paid/reimbursed to the ICAV in respect of the Fund by the Investment Manager (who has agreed to discharge the Covered Costs over 0.20% out of its own fee) and shall not be payable out of the assets of the Fund.

The Investment Manager reserves the right to determine that it shall no longer discharge all or part of the Covered Costs over 0.20% of the Net Asset Value and that some or all of the Covered Costs will be payable out of the assets of the Fund. In such case the Supplement will be updated to disclose the maximum fee payable by Shareholders in respect of the elements of Covered Costs (where disclosure of fee arrangements is required) and reasonable notice will be given to Shareholders prior to implementation of this change of policy.

The Fund will bear expenses incurred in connection with the acquisition, disposal or maintenance of investments including the ongoing cost of holding SFIs (being an annual fee payable to the Dealer of such SFIs which shall accrue on a daily basis at normal commercial rates), brokerage costs, clearing house fees, taxes and other transaction charges, if any, which will always be payable out of the assets of the Fund. In addition, other operating and service providers' fees, costs and expenses incurred in the operation of the Fund, other than those expressly included under Covered Costs as being payable by the Shareholders or the Investment Manager (as applicable) and described above, will be met out of the assets of the Fund. This includes the investment management fee referred to below as well as the performance fee (where applicable).

Investment Management Fee

The Investment Manager shall be entitled to receive out of the assets of the Fund an annual fee not exceeding 0.92% of the Net Asset Value of the I1 Share Class EUR and the I1 Share Class USD, 0.85% of the Net Asset Value of the I Share Class USD, I Share Class EUR and I Share Class GBP (Accumulating) and I Share Class GBP (Distributing), 0.77% of the Net Asset Value of the C1 Share Class EUR and C1 Share Class USD, 0.70% of the Net Asset Value of the C Share Class GBP, C Share Class EUR, and C Share Class USD, 0.65% of the Net Asset Value of the D Share Class, 0.50% of the Net Asset Value of the S Share Class EUR, S Share Class USD (Accumulating), S Share Class USD (Distributing), S Share Class GBP (Accumulating) and S Share Class

GBP (Distributing), 1.65% of the Net Asset Value of the R Share Class GBP, R Share Class EUR, R Share Class USD, R Share Class HKD, and R Share Class SGD, and 1.28% of the Net Asset Value of the P Share Class EUR and P Share Class USD (plus VAT thereon, if any). There will be no investment management fee payable in respect of the X Share Class USD, X Share Class AUD and X Share Class GBP.

The investment management fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears out of the relevant assets. The investment management fee shall be deemed to cover out of pocket costs and expenses of the Investment Manager.

Management Fee

The Manager shall be entitled to receive from the ICAV an annual management fee of up to 0.025% of the Net Asset Value of the Fund. The annual management fee is based on a sliding scale applied to the aggregate assets across all sub-funds of the ICAV, subject to an annual minimum fee as disclosed in the Prospectus in the section entitled **Fees and Expenses**. It will be calculated and accrued daily and is payable monthly in arrears. The Manager shall be entitled to be reimbursed out of the assets of the Fund for all reasonable and properly vouched out-of-pocket costs and expenses incurred by the Manager or its Affiliates in the proper performance of its duties. Any VAT applicable to any fees or other amounts payable to the Manager shall be borne by the ICAV.

Performance Fee

There will be no performance fee payable in respect of any of the Share Classes of the Fund.

Establishment Expenses

The preliminary expenses incurred in connection with the establishment and initial issue of Shares in the Fund will be borne by the Global Distributor.

Anti-Dilution Levy

When there are net subscriptions or net redemptions the Fund may add to the Subscription Price or deduct from the Redemption Proceeds respectively, an Anti-Dilution Levy. Any such levy shall be retained for the benefit of the Fund and the Directors reserve the right to waive such levy at any time.

Anti-Dilution Adjustment

To preserve the value of the underlying assets and to cover dealing costs, when there are net subscriptions or redemptions, an Anti-Dilution Adjustment may be applied on behalf of the ICAV. Any such adjustment shall be retained for the benefit of the Fund.

Subscription Charge

No Subscription Charge will be payable.

Redemption Charge

No Redemption Charge will be payable.

Exchange Charge

No Exchange Charge will be payable.

This **Fees and Expenses** section should be read in conjunction with the section in the Prospectus entitled **Fees and Expenses**.

12. DIVIDEND POLICY

The Fund offers Classes of Shares that accumulate income or pay regular dividends out of net current income or, on occasion, make payments out of capital, net realised gains or net realised and unrealised gains. The distribution of dividends is not guaranteed and is subject to the sole discretion of the Directors.

Accumulation Classes

It is not the current intention of the Directors to declare a dividend in relation to the following Share Classes:

- C Share Class GBP (unhedged) (Accumulating Shares)
- C Share Class EUR (unhedged) (Accumulating Shares)
- C1 Share Class EUR (unhedged) (Accumulating Shares)
- C Share Class USD (Accumulating Shares)
- C1 Share Class USD (Accumulating Shares)
- D Share Class GBP (unhedged) (Accumulating Shares)
- I Share Class USD (Accumulating Shares)
- I1 Share Class USD (Accumulating Shares)
- I Share Class EUR (unhedged) (Accumulating Shares)
- I1 Share Class EUR (unhedged) (Accumulating Shares)
- I Share Class GBP (unhedged) (Accumulating Shares)
- P Share Class EUR (unhedged) (Accumulating Shares)
- P Share Class USD (Accumulating Shares)
- R Share Class GBP (unhedged) (Accumulating Shares)
- R Share Class EUR (unhedged) (Accumulating Shares)
- R Share Class USD (Accumulating Shares)
- R Share Class HKD (unhedged) (Accumulating Shares)
- R Share Class SGD (unhedged) (Accumulating Shares)
- S Share Class EUR (unhedged) (Accumulating Shares)
- S Share Class USD (Accumulating Shares)
- S Share Class GBP (unhedged) (Accumulating Shares)
- X Share Class USD (Accumulating Shares)
- X Share Class AUD (unhedged) (Accumulating Shares)
- X Share Class GBP (unhedged) (Accumulating Shares)

Accordingly, income and capital gains arising in respect of the Accumulating Share Classes shall be reinvested in the Fund and reflected in the Net Asset Value per Share of the relevant Share Class.

Distributing Classes

The following Classes of Shares may distribute dividends:

- I Share Class GBP (unhedged) (Distributing Shares)
- S Share Class GBP (unhedged) (Distributing Shares)
- S Share Class USD (Distributing Shares)

Subject to the discretion of the Directors, dividends (if any) will be declared and paid annually; at the end of June in each calendar year. Shareholders will have the option to either receive the declared dividend (if any) or re-invest in the purchase of Shares of the relevant class.

Investors should refer to their tax advisors in relation to the implications of these Share Classes obtaining such status and any payment of dividends.

Any change to the dividend policy of any of the Share Classes of the Fund will be notified to Shareholders of the relevant Share Class in advance.

The dividend distribution policy in respect of any future Share Classes created together with details of methods of payment of dividends and frequency of payments will be specified in an updated version of the Supplement reflecting the creation of the new Share Classes.

This section should be read in conjunction with the **Dividend Policy** section of the Prospectus.

13. SUBSCRIPTION FOR SHARES

Applications for Shares should be made on the Application Form and be submitted in accordance with the provisions set out in the Prospectus to be received by the Administrator on or before the Dealing Deadline for the relevant Dealing Day.

The Minimum Shareholding must be maintained by each Shareholder in the Fund (subject to the discretion of the Directors) following any partial redemption, exchange or transfer of Shares.

Payment in respect of the issue of Shares must be made by the relevant Settlement Date by electronic transfer in cleared funds in the currency of the relevant Share Class.

The Directors may issue Shares of any Class and, with the consent of the Central Bank and without notice to the Shareholders, create new Classes of Shares on such terms as they may from time to time determine in accordance with the requirements of the Central Bank. Shares of any particular Class may accommodate different subscriptions and/or redemption and/or dividend provisions and/or charges and/or fee arrangements.

This section should be read in conjunction with the section in the Prospectus entitled **Subscription for Shares**.

14. REDEMPTION OF SHARES

When the Fund meets a redemption request in cash, the amount due on the redemption of Shares on a particular Dealing Day will be paid by the relevant Settlement Date by electronic transfer to an account in the name of the Shareholder. Payment of any proceeds of redemption will only be paid after receipt by the Administrator of any relevant redemption documentation (including any anti-money laundering documentation requested).

No Shareholder shall be entitled to request redemption of part only of its holding of Shares of any Class in the Fund if such realisation would result in its holding of Shares of such Class after such realisation being below the applicable Minimum Shareholding (subject to the discretion of the Directors).

In the event that a Shareholder requires payment of redemption proceeds to an account other than that specified in the Application Form, the Shareholder must provide an original request in writing, executed by an authorised signatory of the Shareholder, to the Administrator on or prior to the receipt of the redemption request form. No third party payments will be made.

This section should be read in conjunction with the section in the Prospectus entitled **Redemption of Shares**.

15. EXCHANGE OF SHARES

As applicable, Shares may be exchanged whether for other shares in the Fund or for other shares in another sub-fund of the ICAV as set out under the heading **Exchange and Transfer of Shares** in the Prospectus.

16. MISCELLANEOUS

The collateral policy of the Fund is set out under the section headed "Collateral Policy" of the Prospectus. In addition, collateral posted to a counterparty will be valued daily at mark-to market value and daily variation margins will apply.

At the date of this Supplement, there are two other sub-funds of the ICAV in existence, namely Antipodes Global Fund – Long – UCITS and Antipodes Global Fund – UCITS.

ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Aikya Global Emerging Markets Fund - UCITS **Legal entity identifier:** 635400LR4CCFABMQUG59

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
☒ **Yes**	☐ **No**
x It will make a minimum of **sustainable investments with an environmental objective: 10%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy x in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
x It will make a minimum of **sustainable investments with a social objective: 10%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives.

What is the sustainable investment objective of this financial product?

The objective of the Fund is as follows:

To achieve long-term capital growth by investing in high quality companies. These companies should make a positive contribution to sustainable development within the countries in which they operate. The Investment Manager does not invest in companies with material exposure to harmful products and services, and the companies which fail to demonstrate strong environmental and social stewardship.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

This objective is targeted and tracked through the 6 portfolio-level sustainability impact goals listed below.

1. The Fund's portfolio should only be invested in companies that are assessed fundamentally by the Investment Manager as currently contributing towards, or is expected to contribute towards, at least one UN SDG by 2030.
2. Carbon Intensity (i.e. Green House Gases (Scope 1 and 2) emissions to sales) for the Fund's portfolio should halve by 2030 (with 2019 as baseline year). The Fund's portfolio aims to achieve net zero carbon emissions by 2040. Progress against this target is measured by reporting Carbon Intensity for the portfolio on an annual basis. In setting this target, Aikya has assumed that Green House Gases (Scope 1 and 2) emissions are the best way to measure carbon emission by a company, and do not yet include Green House Gases (Scope 3) emissions due to lack of sufficient disclosure by the majority of companies in Aikya's Quality List.
3. Environmental Resource Intensity for the Fund's portfolio should halve by 2030 (with 2019 as baseline year). Environmental Resource Intensity is an Aikya defined metric which is customised for each industry. It refers to the virgin natural resources such as water and non-renewable energy (per unit of sales) that a business consumes, as well as its ability to recycle waste.
4. None of the companies in the Fund's portfolio should have displayed more than one incident of poor social stewardship over the preceding three years by 2030. Incidents of poor social stewardship include an industrial fire or evidence of modern slavery in labour practices.
5. The Fund's portfolio companies should either have a dominant shareholder whom Aikya determines, in its discretion, as trustworthy or a truly independent board by 2025.
6. The Fund's portfolio companies should have a healthy gender balance in their organisation by 2040. Aikya generally considers companies that have at least 40% of their workforce as women as having a healthy gender balance.

When measuring progress against these goals, ex-cash percentages of NAV are used, i.e. equity investments only.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

All portfolio companies are measured against the 6 portfolio-level sustainability impact goals described above. The indicators related to these goals do not have minimum thresholds, however the Investment Manager does expect portfolio companies to evidence continued progress against these indicators over a reasonable timeframe. More detail on the specific indicators that support the goals is included below:

Goal 1: UN SDGs

To measure the impact of their funds, the Investment Manager analyses the revenues generated from their portfolio companies' various products and services and assess their contribution to each individual SDG at a sub-target level.

The Investment Manager's 2030 objective is to have 100% of the Aikya Global Emerging Markets Fund - UCITS Portfolio (**Aikya Portfolio**) invested in companies that make a significant contribution to at least one UN SDG.

Goal 2: Carbon Emissions Data

The Aikya Portfolio's carbon footprint is calculated in tonnes of CO_2/ $bn of revenues. The Investment Manager attributes investee company's greenhouse gas emissions to the portfolio based on the position size of the company in the portfolio. The data we report represents Scope 1 and 2 emissions. Meaningful Scope 3 calculation methodologies are still a work in progress for most companies in the Emerging Markets universe and therefore are of insufficient quality for consistent reporting at this stage. Once they achieve higher quality, the Investment Manager will include Scope 3 emissions in the footprints.

In almost all instances, the Aikya Portfolio has lower carbon intensity vs the benchmark sectors.

Goal 3: Other Environmental Metrics

Portfolio companies are also analysed against a host of other environmental metrics, including:

- Energy usage.
- Adoption of renewable energy
- Water usage and intensity
- Waste consumption and intensity
- Hazardous waste

The Investment Manager subsequently created an Environmental Resource Intensity measure, which combines the various relevant environmental related indicators (ex-carbon).

This measure is specifically adapted for each different industry.

Goal 4: Breaches of Social Stewardship

At a high level, the Investment Manager believes that businesses do not exist in isolation. Their fortunes are inextricably linked to the communities they inhabit, and to those whom they are obligated to behave in a fair manner. The Investment Manager therefore monitors the performance of each company in the portfolio to ensure that they remain good corporate citizens.

The Investment Manager tracks every such incident of poor social stewardship. Examples of poor social stewardship include (but not limited to): unfair treatment of customers, abuse of local communities, negligent safety culture within the operations, poor quality control in manufacturing, or a breach of customer data and privacy. The Investment Manager also avoids companies that could be aiding human rights abuse and not paying their fair share of taxes to governments.

The Investment Manager measures the number of Aikya Portfolio companies that displayed more than one incident of poor social stewardship over the previous three years.

The Investment Manager believes a single incident could just be due to bad luck, but a repeated breach of social stewardship is often a symptom of a systemic problem

Goal 5: Shareholder & Board Composition

The Investment Manager measures the percentage of the Aikya Portfolio invested in companies with either a large shareholder whom the Investment Manager trusts or a truly independent board.

The reason the Investment Manager does this is that they believe good governance is central to the delivery of sustainable development. At a company level, it requires long-term alignment of shareholder and management interests, a well-functioning board, robust internal controls, and an executive remuneration structure that is fair and aligned with the long-term interests of all stakeholders.

The Aikya Portfolio is invested mainly in businesses that are majority-owned by an entrepreneur or business family.

Goal 6: Diversity & Inclusion

Given the socio-economic context of Emerging Markets, achieving a healthy gender balance within the workforce is a challenge for companies operating within these countries. The Investment Manager assesses a company's gender balance from the following angles:

1. The number of women relative to the total size of the work force. A company with at least 40% of their work force is women is regarded as gender balanced.

2. The number of women at specific levels of the organisation, relative to their male peers. This shows how well women are able to progress their career within a company. This measure is disclosed by very few companies within the investable universe.
3. Gender pay gap illustrates the difference in average earnings between women and men for the equivalent role. This measure is not disclosed by most of the companies within the investable universe, though some countries like Taiwan have made reporting mandatory.
4. The strength of Human Resources policies in supporting women within the workplace, for example policies related to maternity and paternity leave.
5. A qualitative assessment of the work culture and how it supports female employees. Currently, the quantitative measure which the Investment Manager uses to assess gender balance at the portfolio level only includes Point 1, because data disclosure on other aspects of gender balance is poor.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sustainable Investments do no significant harm by not exceeding acceptable thresholds when assessed against Principle Adverse Impact Indicators. The Investment Manager does not invest in companies with material exposure to harmful products and services, and the companies which fail to demonstrate strong environmental and social stewardship. A document which lists the minimum standards of governance, environmental and social stewardship which the Investment Manager demands from their investee companies is available on their website.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principal Adverse Impacts (PAI) indicators are a way to measure how companies negatively impact sustainability factors. The Investment Manager's investment approach is highly selective and focused on picking the highest quality companies in their universe which should also have a positive impact towards UN Sustainable Development Goals (SDGs). The Investment Manager has detailed sustainability models on their investee companies, backed by extensive proprietary data collected through their investment research. In addition, the Investment Manager closely monitors, reports on any norms, breaches and evaluates a range of PAI indicators, each listed below:

<u>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</u>

1. Greenhouse Gas (GHG) Emissions
2. Carbon Footprint
3. GHG Intensity
4. Fossil Fuel Sector exposure
5. Non-renewable energy consumption & production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste ratio

<u>SOCIAL AND GOVERNANCE INDICATORS</u>

1. Violations of UN Global Compact (UNGC) principles and Organisation of Economic Cooperation and Development (OECD) Guidelines
2. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines
3. Gender pay gap

4. Board gender diversity
5. Exposure to controversial weapons

The Investment Manager does not invest in companies with material exposure to harmful products and services, and the companies which fail to demonstrate strong environmental and social stewardship. A document which lists the minimum standards of governance, environmental and social stewardship which the Investment Manager demands from their investee companies is available on their website.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Investment Manager wants all portfolio investments to align with the OECD Guidelines for Multinational Enterprises, as well as the UN's Guiding Principles on Business and Human Rights.

The Investment Manager has detailed sustainability models on their investee companies, backed by extensive proprietary data collected through their investment research. The detailed sustainability models track the progress of investee companies against a range of potential issues, such as human rights and labour rights.

The Investment Manager's investment approach is highly selective and focused on picking the highest quality companies in their universe which means we have a zero tolerance for investments where it is evident that they have violate principles relating to OECD or UN Global Compact.

Does this financial product consider principal adverse impacts on sustainability factors?

x Yes

No

Identification and prioritisation of Principal Adverse Sustainability Impacts are dealt with at the following levels:

A: At the investee company level: Every investment analyst at Aikya is also a Sustainability Impact analyst. Analysis of sustainability issues which includes Principal Adverse Impacts of the business operations of a company is as detailed and rigorous as analysis of traditional financial metrics. The Investment Manager continuously monitors the companies held in the Aikya Portfolio. The Investment Manager does this through regular meetings with the management teams, as well as periodic Annual Report Reviews (ARRs) and Fair Market Value (FMV) assessments.

The Investment Manager has detailed company specific sustainability impact models that: i) provide a transparent guide to principal adverse impacts of the company, ii) set sustainability performance targets at company level, and iii) create a platform from which to engage with company management.

B: At Aikya portfolio level: The Investment Manager has set clear Sustainability Impact Goals for the Aikya Portfolio, which cover majority of Principal Adverse Impacts. These impact goals sharpen the Investment Manager's focus on sustainability issues when considering potential investment ideas. The goals also helps the Investment Manager better define engagement agendas with their investee companies.

What investment strategy does this financial product follow?

The Fund will aim to invest at least 70% of its Net Asset Value in a diversified portfolio of equity or equity related securities issued by high quality companies listed or traded in Emerging Markets, or high quality companies whose equity/equity-related securities are listed or traded on other markets, but whose business is predominantly conducted in Emerging Markets. Emerging Markets are defined as countries not classified as Developed Markets by MSCI. Diversification will be achieved through investments across multiple countries and sectors; there is no geographical or sector focus other than seeking exposure to Emerging Markets as noted above.

The Investment Manager is a fundamental, bottom-up investor conducting analysis at the level of individual companies whose equity securities are being considered for inclusion in the Fund.

Investment Selection Process

High quality companies are those that meet the Investment Manager's minimum required standards in the areas of i) quality of stewardship, ii) quality of franchise, and iii) quality of financials as further described below. In identifying high quality companies the Investment Manager focuses primarily on the quality of stewardship which involves analysing issues such as a company’s sense of purpose, the alignment between strategy and stated purpose, corporate governance, environmental and social stewardship, organisational culture, conservatism and discipline (capital allocation).The Investment Manager's minimum required standards are determined through analysis and understanding of best practices across industries and regions and is supported by its experience analysing Emerging Market companies.

The assessment of quality means establishing best practices across different industries and geographies. The Investment Manager believes that superior long-term returns (5 years minimum) are achieved by investing with stewards (ie companies who are controlled and/or managed by individuals who have passed the Investment Manager's assessment of stewardship quality as outlined below) who align their businesses with the interests of all stakeholders, because such people typically think about capital preservation as much as capital growth. Environmental, Social and Governance (ESG) considerations are integral to every investment decision, and the Investment Manager firmly believes that the companies which effectively address ESG risks should offer superior long-term returns.

The Investment Manager conducts detailed stewardship, franchise, and financial analysis, which incorporates certain minimum requirements. These minimum requirements are tested when it comes to new idea generation, and also on an ongoing basis with maintenance research.

Stewardship

When assessing stewardship, the Investment Manager conducts detailed industry-specific analysis which combines both subjective and objective factors. The key questions posed and minimum requirements are as follows:

i. Is there a strong sense of purpose driving the company? It must objectively align with at least one United Nation Sustainable Development Goal while there is an exception where a company is moving in the right direction and serving development issues.

ii. How strong is corporate governance? It must not be majority controlled by the State, have no political association and have no history of corruption.

iii. How strong is environmental stewardship? Carbon and water intensity of operations should be improving.

iv. How strong is social stewardship? There should be no more than 2 breaches of social stewardship, i.e. poor behaviour towards local community, over 3 years.

v. Is the organisational culture fit for purpose? The Investment Manager would like to see a high level of diversity, a culture of healthy debate and mutual respect, and a leadership team that really cares about its employees.

vi. Does the company have a history of conservative capital allocation? There should not have been a significant write-off of the goodwill on the balance sheet over the previous 5 years.

Franchise

In addition to assessing stewardship, the Investment Manager also has certain minimum requirements when it comes to franchise analysis. The key questions posed and minimum requirements are as follows:

i. Is there long-term sustainable growth? The Total addressable market (or "TAM") should be 5x the current revenue of the company.

ii. Does the company have a durable competitive advantage? There should be no loss of market share in the core business for ten years.

iii. Are returns healthy and resilient? There should be stable Gross Profit Margin (or "GPM"), as well as stable Returns on Equity (or "ROE").

iv. Is disruption risk high or low? No single customer should be more than 20% of sales. The products should also not be fashionable.

Financial

On financial analysis, the key questions posed and minimum requirements are as follows:

i. Is the balance sheet conservative? Net Debt/EBITDA should be less than 2x with banks and financial institutions an exception as they are naturally more leveraged.

ii. Does the company display strong cash conversion? There should be operating cash flow to earnings of at least 50%.

iii. Are the accounts transparent? A reputable auditor must be used.

iv. Is there currency mismatch? Cash flows and debt should be in the same currency.

As a result of these minimum required standards, the Fund ends up ruling out more of the universe on either sustainability, franchise, or financial standards. The Investment Manager believes their quality thresholds to be very high.

The Investment Manager maintains an investable or quality list (the Quality List). This Quality List is comprised of companies which, having been assessed by the Investment Manager (as per the quality assessment process described above), are considered suitable investments for the Fund. From this, the Investment Manager constructs the portfolio usually consisting of 30-35 sensibly priced companies.

The Investment Manager takes a long-term holistic approach to security valuation, with an absolute return focus. A broad range of valuation metrics are used based on cash flows, book value, replacement cost and total addressable market.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager's approach to attain sustainable investment objective is holistic. The starting point is to understand the true purpose of a business. The Investment Manager asks themselves: is this company trying to solve a problem related to sustainable development, or is it a problem in itself? If the business is aligned with one of the United Nations Sustainable Development Goals (UN SDGs), the Investment Manager then assesses how the business achieves its purpose in a resource-efficient way, with low cost to the environment and good governance. These elements of sustainability are often inter-linked, and analysed in 'totality'. This is very much a holistic qualitative assessment that leverages the Investment Manager's long experience in Emerging Markets. The Investment Manager does not have weights assigned to these elements and the Investment Manager does not rely on any quantitative scoring method.

The Investment Manager has minimum standards which the Investment Manager demands of their companies in each one of these dimensions. The Investment Manager does not invest in companies with material exposure to harmful products and services, and the companies which fail to demonstrate strong environmental and social stewardship. A document which lists the minimum standards of governance, environmental and social stewardship which the Investment Manager demands from their investee companies is available on their website.

Purpose

When assessing the purpose of a business, the Investment Manager is looking for businesses that make a positive impact on the societies in which they operate. To ensure objectivity, the Investment Manager believes a company's purpose should be aligned with the United Nations Sustainable Development Goals (UN SDG's). A company could make a positive contribution towards UN SDGs in several ways: a) by providing basic needs such as food, energy, hygiene, credit, communications, transport and wealth to lower income groups through its product and services; b) by enhancing health, education and general wellbeing of large populations; c) through improvements to productivity with technological solutions accessible to large populations.

The Investment Manager's assessment of purpose is a qualitative judgement. Whilst not exhaustive, the list below provides some past examples of business models that have failed the purpose test.

- Tobacco,
- Gambling,
- Fossil Fuels,
- Minerals extraction,
- Liquor
- Defence Equipment

Environmental Stewardship

The Investment Manager would like their companies to have a minimal environmental footprint while serving their purpose. There are a few ways a company can demonstrate its environmental stewardship:

- By achieving climate stability by controlling Green House Gas (GHG) emissions associated with both their own operations and their entire value chain;
- By minimising the resource burden on the environment and recycling as much they can and consume as little virgin material as possible;
- By ensuring healthy ecosystems on either land and under oceans, while running their businesses.
- For the banks held in the Aikya Portfolio, the Investment Manager also actively monitors if they have strict environment considerations while lending.

Social Stewardship

Businesses do not exist in isolation. Their fortunes are inextricably linked to the communities they inhabit, and towards whom they are obligated to behave in a fair manner. The first question the Investment Manager asks, is 'What will it take for a business to lose its social license to operate?'. In their experience the companies that create more problems than solutions for local communities often risk losing their social license to operate, which can have disastrous consequences for both the business and shareholder returns.

There should be no more than 2 breaches of social stewardship over a 3 year period. The Investment Manager's assessment of social stewardship is a qualitative judgement. Whilst not exhaustive, the list below provides some past examples of what the Investment Manager would typically classify as breaches of social stewardship.

- Human Rights abuses
- Labour issues
- Industrial accidents or factory fires
- Mistreatment of local communities

Good Governance

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager's portfolio is largely invested in businesses majority owned by an entrepreneur or business family. The Investment Manager believes that the majority of the companies listed on public stock exchanges suffer from a 'principal-agent' conflict. The interests of company management teams as 'agents' are rarely aligned with those of the shareholders because managements' compensation is typically linked to short-term measures.

The Investment Manager's assessment of governance is a qualitative judgement. Whilst not exhaustive, the list below provides a guide to what the Investment Manager look for in their investee companies.

- A controlling shareholder with a reputation for strong ethics.
- If a business is not family owned, the Investment Manager wants to see evidence of a genuinely independent board.
- Board directors should not be politically linked, or be associated with business groups with a poor reputation for governance.
- Business partners should be high quality and not corrupt or politically linked.

Organisation Culture

The Investment Manager believes a healthy organizational culture, when aligned with the long-term purpose of a business, is a source of sustainable competitive advantage. For the Investment Manager's portfolio companies, the Investment Manager would like to see a high level of diversity, a culture of healthy debate and mutual respect, and a leadership team that really cares about its employees.

What is the policy to assess good governance practices of the investee companies?

In the Investment Manager's view good governance in companies requires long-term alignment of shareholder and management interests, a well-functioning board, robust internal controls, and an executive remuneration structure which is fair and aligned with the long-term interests of all stakeholders. The Investment Manager's portfolio is largely invested in businesses majority owned by an entrepreneur or business family. The Investment Manager believes that the majority of the companies listed on public stock exchanges suffer from a 'principal-agent' conflict. The interests of company management teams as 'agents' are rarely aligned with those of the shareholders because managements' compensation is typically linked to short-term measures.

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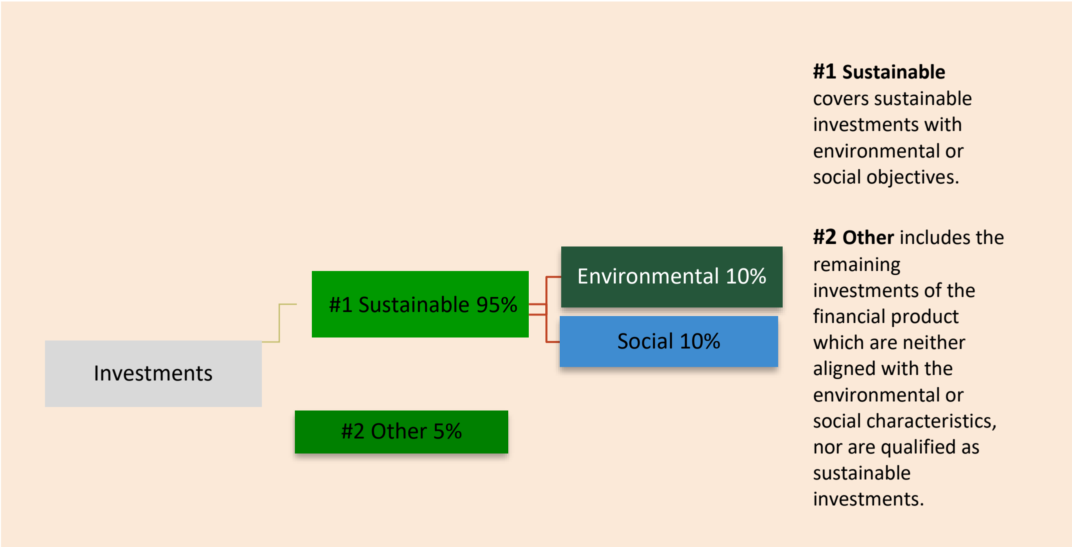
- Board directors should not be politically linked, or be associated with business groups with a poor reputation for governance.
- Business partners should be high quality and not corrupt or politically linked.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies**.**
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



A minimum of 100% of the Fund's NAV (excluding cash and cash-like instruments, which may be up to 30% but in normal circumstances the cash position in the Fund will not exceed 5%) is invested in sustainable investments as defined by article 2(17) SFDR.

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives.

How does the use of derivatives attain the sustainable investment objective?

Derivatives are not used for investment purposes.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives.

0% is the minimum extent that sustainable investments with an environmental objective are aligned with the EU Taxonomy. This minimum will be kept under review by the Investment Manager and will be updated as and when necessary.

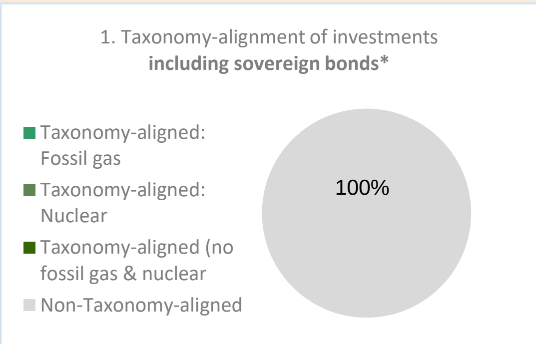
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

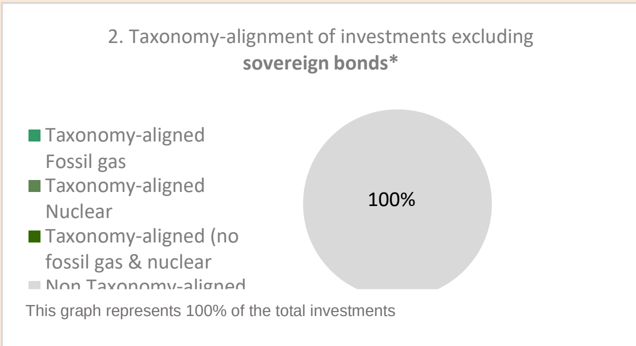
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

- ***What is the minimum share of investments in transitional and enabling activities?***

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives

0% is the minimum share of investments in transitional and enabling activities. This minimum will be kept under review by the Investment Manager and will be updated as and when necessary.

[1] *Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.*

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives

0% is the minimum extent that sustainable investments with an environmental objective are aligned with the EU Taxonomy. This minimum will be kept under review by the Investment Manager and will be updated as and when necessary.

What is the minimum share of sustainable investments with a social objective?

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

While the Fund has an overall sustainable investment objective, the Fund aims to have at least 10% of non-cash investments allocated to each of environmental or social objectives. Therefore, at any given time, the non-cash portion of the Fund could be up to 90% invested in sustainable investments with either environmental objectives or social objectives

0% is the minimum extent that sustainable investments with a social objective are aligned with the EU Taxonomy. This minimum will be kept under review by the Investment Manager and will be updated as and when necessary.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

This would include cash and cash-like instruments, as per the Fund's supplement. The Fund may have up to 30% of its NAV in cash and cash-like instruments, but in normal circumstances the cash position in the Fund will not exceed 5% No specific environmental or social safeguards are applied to Other (#2).

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

There is no index disgnated as a reference benchmark to meet the sustainable objective of the Fund.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index*?**

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://aikya.co.uk/funds/emerging-markets/ucits/